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IV.

MR. CARNEGIE ON SURPLUS REDUCTION.

MR. ANDREW CARNEGIE is not only an agreeable writer, but—so true is the rule that the optimist is likely to be right and the pessimist to be wrong in forecasting the future—a usually trustworthy writer. To two or three errors, however, in his essay on "The Surplus" in your March number, the general excellence of that essay renders it desirable to call attention.

It is safe to class his assumption that an average reduction of ten per cent. on import duties would be "certain to increase revenues," though such assumptions are often made, as an error. There is no certainty at all; only doubtful hypothesis. He supposes that imports would increase by more than ten per cent., without showing how we are going to find the ten corresponding per cent. additional goods to export, or how, failing this, we are going to escape the conditions which necessitate a substantial equivalence of imports and exports in international commerce. It is easy, doubtless, to point to instances where relieving a few articles of duty has been followed by largely increased importation of those articles; but this result of special reductions, too limited to affect the general balance of trade, could not be proportionately magnified by extending reduction to imported articles generally. Moreover, if this reduction were not the "horizontal" one contemplated by him, but affected raw materials chiefly, Mr. Carnegie's supposed effect would probably be reversed. Putting wool and ores on the free list could hardly fail, by cheapening supplies, to stimulate home manufactures of those articles, and diminish importations, thus giving a twofold reduction of revenue.

Mr. Carnegie follows Senator Sherman's example in slurring over the distinction, for this purpose so important, between "raw" and "finished" products; going even so far as to insinuate a doubt that the distinction is a valid one. But, without worrying over definitions, we must admit one clear difference between the production of an article ready for the consumer's use, and that of an article requiring additional labor to complete it. By protecting the latter we increase the cost of further elaboration and so impose a burden upon industry; while protection of the former has little direct effect on other industries, except in furnishing a home market for unfinished products. If, for instance, Spanish ore is easier to obtain for our manufacturers than ore from Lake Superior, as Mr. Carnegie states, and if an import duty has to be levied for the purpose of making it less accessible to them, the increased cost of material must put them at a disadvantage as compared with foreigners under no such burden, unless care is taken to shift this burden from shoulder to shoulder till the consumer is reached, that he may bear the whole of it. Also, unless we wish the blessings of protection to be monopolized by the producer of the crudest ware, we must increase the burden a little with each shifting, and so multiply it considerably for the consumer. But it must here be acknowledged that Mr. Carnegie may be quite correct in his practically most important contention. He can say with confidence that "Congress will not admit iron ore free of duty," and similarly with "the question of free coal," because he knows how weak and fallible our Congress is. Expectations from that body would be very different, were the Congress composed of statesmen instead of congressmen.

Our old acquaintance, the claim that "protection is given to home industries on account of the greater cost of labor here," greets us once more from Mr. Carnegie's lines. As usually met, it travels arm-in arm with that other claim, that the reward of the laborer is kept up in this country by tariff duties, and would sink to starvation-point on their removal; whereby two phenomena are neatly presented as at the same time cause and effect of each other. The simple

truth appears to be, that the greater cost of labor here is partly fictitious—an expression, that is, of the fact that money is of smaller value in our land, because our laws give it less purchasing power outside—partly a result of the greater intrinsic value of a day's labor by the educated American operative than by his worse-endowed foreign rival, and partly due to the better opportunities afforded the skilled workman in a newer country for setting up in business on his own account; altogether independent, so far as real, of import taxes, and capable of surviving their total abolition.

The insinuation with which he closes, that the President and others who advocate tariff reduction are sailing under false colors, calls for mention—hardly for serious refutation. Mr. Carnegie has made out quite a strong case in favor of using up the surplus to pay our still huge debt with; but he is not to be trusted when he intimates that such as wish to collect smaller revenues must be either stupid or dishonest.

WASHINGTON, D. C.

HENRY FARQUHAR.

V.

AN IMPORTANT ANNIVERSARY.

DATING backwards from the 23d day of last April, and into the early years of the nation, if we run over exactly half a century of time, we come to an event which should fill the hearts of all good Americans with joint sensations of pride and sorrow. On the 23d of April, 1838, the British steamer "Sirius" steamed into New York harbor, followed, a few hours later, by another British steamer, the "Great Western." Looking at the event with the calmness that comes to us as a succeeding generation, we know that our forefathers unwittingly saw in this twin arrival a presage of our future (now present) commercial relations with Great Britain; for the arrival of these vessels at the port of New York was, in fact, the real beginning of steam navigation between this country and Europe—they were, in fact, the pioneer vessels of practical steam commerce. That we should feel pride in their arrival is justly due to those Americans who taught the builders and navigators of the "Sirius" and "Great Western" the possibilities of that American invention, the steam-ship; for it was an American vessel (the "Savannah"), designed, built, owned and navigated by citizens of the United States which, nineteen years previously, had told to the wondering nations of the world the possibilities of the marine steam-engine. That we should feel sorrow, mingled with the kin sensations of shame and regret, is but natural, when we consider how, during the last half century, Great Britain has usurped the steam carrying trade which properly belonged and belongs to the United States.

It would seem to be one of the laws of fate that an inventor should never reap the full benefit of his invention. It would seem as if the United States, the home of the inventor of the ocean steamship, had suffered from the operation of this same law. But man should be superior to fate; and truly the American has shown heretofore, in many ways, an ability to conquer fate; and even now the country is restless over the commercial supremacy of Great Britain; and men in all walks of life are beginning to discuss the measures that should be taken to procure for the United States the commercial marine to which her God-given ocean boundaries and the ability of her citizens justly entitle her.

Never, then, was there a more opportune moment for the discussion of those means and measures by which the United States is once again to lead the world in international navigation.

ETIENNE AYRAULT.